



GOVERNOR SCHWARZENEGGER SIGNS LEGISLATION CREATING FIRST-IN-THE-NATION HEALTH BENEFIT EXCHANGE

California Health Benefit Exchange Part of Implementation of Federal Health Care Reform

Governor Schwarzenegger signed AB 1602 by Assembly Speaker John Pérez (D-Los Angeles) and SB 900 by Senator Elaine Alquist (D-Santa Clara) to create the California Health Benefit Exchange, an entity that will help California consumers and small businesses shop for and buy competitive health insurance starting in 2014. The Governor's action today makes California the first state in the nation to enact legislation creating a health benefit exchange under federal health care reform.

Starting in 2014, the California Health Benefit Exchange will make it easier for individuals and employees of small businesses to compare plans and buy health insurance on the private market. The Exchange will enhance competition and provide the same advantages available to large employer groups by organizing the private insurance market, including a more stable risk pool, greater purchasing power, more competition among insurers and detailed information regarding about the price, quality and service of health coverage.

- The Exchange will support consumer choice by making comprehensive information about health plans available in an objective, easy-to-understand format, including:
 - a website that provides standardized comparison information on qualified health plan benefit plans/options
 - a calculator for applicants to compare costs across plan options
 - a web-based eligibility portal to help link individuals to health coverage options available to them
 - a toll-free consumer assistance hotline
- Eligibility: Individuals and small employers meeting federal citizenship requirements may enroll in the exchange. Federal health care reform makes tax credits and subsidies available in 2014 to Californians with incomes between 133 and 400 percent of the federal poverty level (approximately \$29,000 to \$88,000 for a family of four). The Exchange will ensure that Californians eligible for federally-authorized tax credits and subsidies get those benefits. Small employers with less than 100 employees may also purchase coverage through the exchange.
- Costs: The federal government is providing \$1 million to California to fund preliminary planning efforts related to the development of an exchange. Additional federal implementation grants are expected be announced in the spring of 2011. After 2014, the Exchange must be self-supporting from fees paid by participating health plans and insurers. No state General Funds are appropriated for operation of the Exchange.
- Health plan and insurer participation in the Exchange is voluntary: Health insurance products offered through the Exchange must be available in the same form to consumers purchasing coverage outside the exchange. All health plans and insurers participating in the Exchange must offer all Exchange plans at the federally designated bronze, silver, gold and platinum levels. Catastrophic plans will only be available through health plans and insurers participating in the Exchange. The catastrophic plans will be available both inside and outside the Exchange from these health plans and insurers.

The Exchange is established as an independent public entity within state government with a five-member board appointed by the Governor and the legislature. Two members will be appointed by the Governor, one by Senate Rules Committee and one by the Speaker of Assembly. The Secretary of HHS or designee will serve as an ex-officio voting member of the Board. Appointed members will serve 4 year terms.

- Board members are required to have expertise in individual health care coverage, small employer health care coverage, health benefits plan administration, health care finance, administering public or private health

care delivery systems and purchasing health plan coverage. Members of the board or of the staff of the Exchange are subject to strict conflict-of-interest provisions. They may not be employed by a consultant to; a member of the board of directors of; affiliated with; or otherwise a representative of; a carrier or other insurer; an agent or broker; a health care provider; or a health care facility or health clinic.

- A member of the board or of the staff of the Exchange shall not be a health care provider unless he or she receives no compensation for rendering services as a health care provider and does not have an ownership interest in a professional health care practice.
- No member of the board shall make, participate in making or in any way attempt to use his or her official position to influence the making of any decision that he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on him or her or a member of his or her immediate family.

The Exchange does not change how existing state health care coverage programs are administered. Medi-Cal and the Healthy Families Program will continue to be administered by the Department of Health Care Services and the Managed Risk Medical Insurance Board, respectively.

- The Exchange will screen for and enroll individuals in Medi-Cal or the Healthy Families Program if they are eligible for those programs. The federal law requires state exchanges to perform this function.
- The Exchange will coordinate with Department of Health Care Services, the Managed Risk Medical Insurance Board and California counties to ensure that individuals are seamlessly transitioned between coverage programs if their eligibility changes.